AMERICAN VANADIUM CORP.

INTERIM MD&A – QUARTERLY HIGHLIGHTS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2016

Background

This Management Discussion and Analysis – Quarterly Highlights ("Quarterly Highlights") of financial position and results of operation for American Vanadium Corp. (the "Company" or "American Vanadium") is prepared as at May 26, 2016. This Quarterly Highlights should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2016 and with the Company's audited financial statements as at and for the year ended December 31, 2015.

The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AVC".

Except as otherwise disclosed, all dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements include but are not limited to statements regarding the Company's ability or intention to maintain, permit and mine its mineral properties, the Company's ability or intention to enter the energy storage market, and its ability to obtain the financing required to maintain its operations. These statements involve a number of known and unknown risks, uncertainties and other factors, and are made in the context of the Company having to revise its business strategy in light of its current financial position. The Company's actual strategic course, when decided upon, will determine which risk factors will be relevant, but possible risks include the Company's ability to raise financing required to maintain operations or to execute its strategy; the development of a market for energy storage and the Company's ability to operate in this market; and the Company's ability to maintain or renegotiate its mineral claims or leases as well as technical, geological or economic merits required to mine the related mineral properties. Outcomes other than those assumed herein may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview and Outlook

American Vanadium is the Master Sales Agent in North America for the CellCube vanadium redox flow energy system ("CellCube"), produced by Gildemeister Energy Storage GmbH ("GES") of Germany. The CellCube is a commercially available vanadium redox flow battery capable of delivering long-duration energy storage for a broad range of applications, such as renewable energy integration and the reduction of demand charge tariffs levied by utilities.

Complimentary to its CellCube sales initiatives, the Company holds mineral claims at its Gibellini Property ("Gibellini"), a vanadium deposit located in Eureka County, Nevada. The Company planned to use output from Gibellini in CellCube units and had initiated the permitting process at Gibellini.

During the three months ended March 31, 2016, the Company sought further integration and entered into a non-binding letter of intent (the "LOI") to acquire GES. However, the Company was unable to enter into more definitive terms for an acquisition as a result of slower-than-expected growth in the market for long-duration energy storage and lack of sufficient financing.

While the Company remains the Master Sales Agent in North America for the CellCube, the Company has not had sufficient funds to maintain all its claims at Gibellini and has withdrawn the property from the permitting process in addition to reducing its operating activities. The Company is now considering its strategic alternatives in the context of $5.4 million working capital deficiency as at March 31, 2016, and may need to reorganize.

Mineral Property Overview

As at December 31, 2015, the Company held 204 claims to Gibellini, directly or through lease agreements for which US$144,000 remains outstanding under lease agreements.

During the three months ended March 31, 2016, an agreement for the lease of 40 of these claims expired and the remainder of the claims are scheduled to expire during the remainder of 2016. The Company is considering whether or not it will seek to renew or renegotiate these claims.

As at March 31, 2016, the Company had written-off the carrying value of its mineral properties to $1, reflecting the reduction in expected exploration and evaluation activity and its plans to discontinue the permitting process for Gibellini.

Qualified Person

The geological technical data has been reviewed, verified and compiled by Richard A. Graham, P. Geol., who is a "qualified person" for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

ANALYSIS OF THE COMPANY'S FINANCIAL PERFORMANCE AND CONDITION

The Company reported a loss of $72,770 ($0.00 per share) for the three months ended March 31, 2016, compared with a loss of $534,160 ($0.01 per share) during the comparative period in 2015. The decreased loss is broadly a result of cost reductions necessitated by the Company's financial position and is primarily attributed to the following specific items:

- Exploration and evaluation expenses for the three months ended March 31, 2016 were $183 thousand lower than for the same period of 2015 as a result of planned cost reductions and the suspension of the permitting process for Gibellini.
- The Company recorded a foreign exchange gain of $151 thousand in 2016 owing to the appreciation of the Canadian dollar versus the U.S. dollar and the Euro, in which the majority of the Company's accounts payable are denominated. In the same period of 2015, the Company incurred a foreign exchange loss of $65 thousand.
- Salaries and benefits expense decreased from $195 thousand in 2015 to $50 thousand in 2016 reflecting reductions in mining and corporate-level staff.

- Office facilities, administrative services and other sundry office expenses decreased from a combined $93 thousand in the 2015 to $23 thousand in 2016 owing to a reduction in rent expense on the termination on an office lease in response to reduced staffing levels.

These cost reductions were partially off-set by $41 thousand in CellCube shipping and storage costs incurred in the three months ended March 31, 2016, compared with $nil in 2015. Additionally, in the three months ended March 31, 2015, the Company recorded an $89 thousand recovery of stock-based compensation costs following the cancellation of certain share compensation agreements, compared with a $1 thousand expense in the same period of 2016.

Other general and administrative and sundry expenses were generally comparable between the three months ended March 31, 2016 and 2015.

As at March 31, 2016, the Company had cash of $60,064 and liabilities of $5,475,698. During the three months ended March 31, 2016, the Company spent $116 thousand, primarily on general and administrative costs, much of which related to the LOI.

Transactions with Related Parties

During the three months ended March 31, 2016, a $19,500 (2015 - $19,500) expense was recorded for office facilities, corporate and administrative services provided by Earlston Management Corp. ("Earlston"), a company that provides key management services to the Company. As at March 31, 2016, $117,000 is included in accounts payable and accrued liabilities (December 31, 2015 - $96,445) for amounts owing to Earlston.

Included in accounts payable and accrued liabilities as at March 31, 2016 is $195,000 (December 31, 2015 - $145,000) owing to Bill Radvak, the Chief Executive Officer of the Company for salaries and benefits, and $13,292 (December 31, 2015 - $20,371) for travel expense claims.